

A PROFILE OF THE SOUTH AFRICAN MOHAIR MARKET VALUE CHAIN

2014

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RECENT DEVELOPMENTS

The ongoing economic crisis in Europe and depressed US economy had a mixed influence on the mohair market during 2011. Although kids and young goats were only marginally affected by the crisis, these sectors still far outperformed 2010 price levels. As the year progressed, it became clear that the adult market would be under pressure, mainly because of pressure on the Chinese market from the deadline in orders from Europe and excess stock in the pipeline.

1. DESCRIPTION OF THE INDUSTRY

South Africa is recognized as the most reliable source of mohair in the world because angora goats grow their fleeces all year-round which allows farmers to auction their produce two seasons a year - for summer and winter sales. South Africa currently produces almost 50% of total world's mohair production. On average the annual average commercial production is about 2.32 million kg.

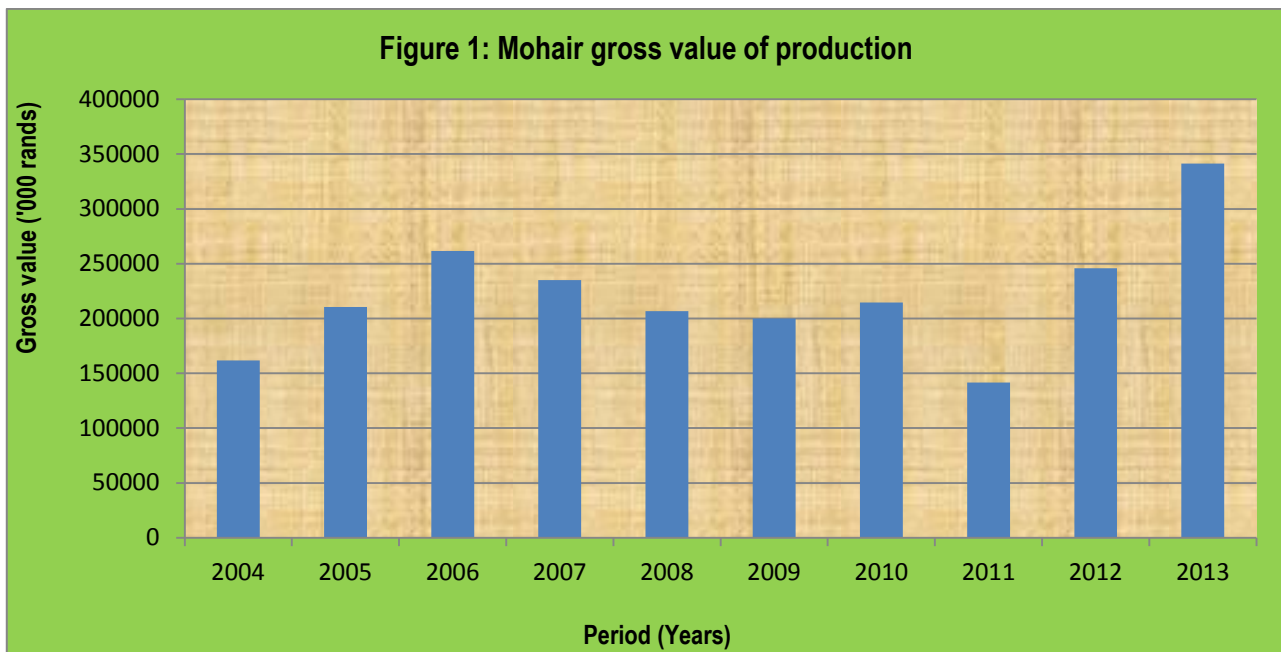
Angora goats are kept primarily for mohair production. Mohair is made of strong elastic fibres that form a fabric which is easily dyed, mainly used in the textile industry and is especially suitable for apparel, knitwear, curtaining, upholstery material, socks, shawls and accessories. November is a beautiful time of the year in the Karoo with many goats with kids and fleeces in full growth.

Angora goats were introduced in South Africa by Colonel John Henderson from Turkey with a consignment of twelve rams and one ewe in 1838. The rams were rendered infertile before leaving Turkey, but that happily the ewe was pregnant and gave birth to a healthy ram kid during the voyage. Although several further importations of Turkish stock were made up to 1896, the above-mentioned ewe and her kid formed the foundation of the Angora goat and mohair industry in South Africa.

Mohair growing has taken root and developed in this country. The flocks of these "smiling" goats have become a regular feature of the countryside, especially in the arid Karoo areas and south eastern Free State. The expertise of South African farmers had improved the breed and especially the quality of the hair, so that it now far surpasses the original, still to be found in regions that form modern Turkey (Momentos).

Today mohair is grown in several countries, mainly arid areas like The Western USA (Texas, Arizona and New Mexico), Lesotho and small quantities in Australia. Surprisingly some mohair is now grown in Great Britain and also New Zealand, although these latter tend to be enthusiasts, with over 60% of the world supply coming from South Africa (Momentos).

The ten year contribution of the mohair industry to the gross value of agricultural production is summarized in Figure1 below between 2004 and 2013.



Source: Mohair South Africa

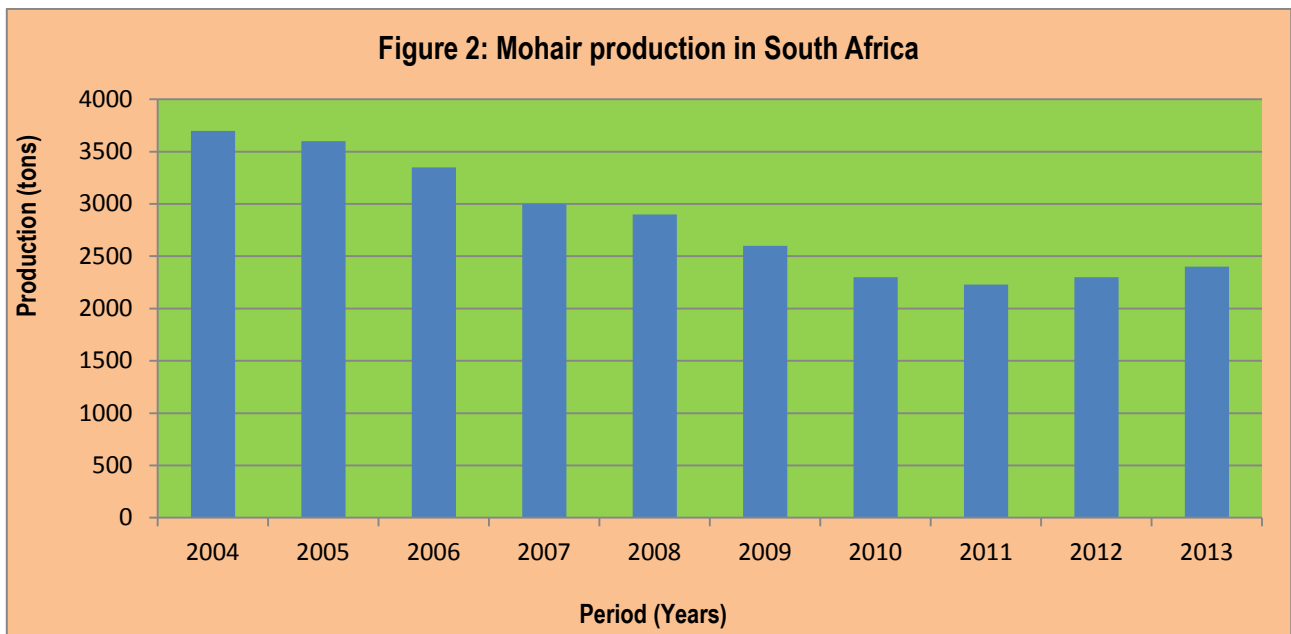
The figure further shows that gross value of mohair production started to increase in 2004, until a small peak was attained in 2006 at approximately R261 569. The figure also shows that mohair gross value of production experienced a consistent decline in the market between 2007 and 2009 of the period under review. The low levels of mohair production are as a result of the fluctuations that took place in mohair production during the same period under review. The figure further shows that in 2010, gross value of mohair production experienced a slight increase of about R214 705, with a decline in 2011 of about R140 000. In 2012, mohair gross value of production experienced a dramatic increase of about R245 000 until a peak was attained in 2013 at approximately R341 400.

In 2013, the figure also shows that there was a 38.8% increase in gross value of mohair production in South Africa as compared to 2004 marketing season.

2. PRODUCTION OF MOHAIR

Production for the 2013 year amounted to approximately 28.4 tons which is only marginally higher than 2012 production figures of about 23.6 tons. There are definite signs that the industry has reached the bottom end of the production cycle and can expect a slight increase in 2014.

Figure 2 below indicates production of mohair in South Africa between 2004 and 2013 season.



Source: Mohair South Africa

The figure further indicates that South Africa produced the greatest quantities of mohair with an increase in production of 28.4 tons in 2013, which represents an increase of 16.9% as compared to 2012. The figure also indicates that in 2004, mohair production started to increase and at the same time a peak was attained at approximately 3 698 tons. The figure also indicates that from 2005, mohair production in South Africa experienced a consistent decline to lower levels of about 2230 tons in 2011. A big contributor to this decline was the severe drought experienced in a large part of the production areas of the Eastern Cape Province over the period under scrutiny.

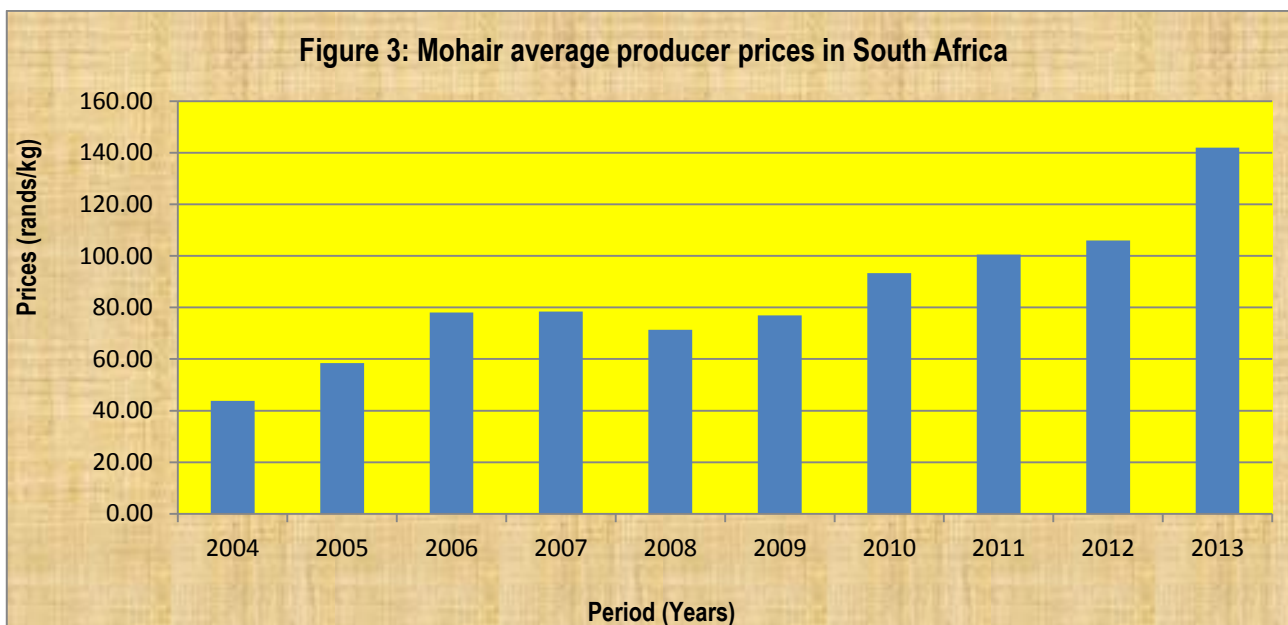
In 2013, the figure also indicates that there was a 4.352% increase in mohair production in South Africa as compared to 2004 marketing season.

3. MARKET STRUCTURE

3.1 Domestic market and prices

The 2013 year was in general a good year for producers of mohair with the average price for the year closing on R84.89 per kg, which is 19.7% increase from 2012 at R75.11 per kg. Mohair is used to produce fabric and also for export. There are 7 main buyers of mohair in South Africa, 3 auction ports, 3 brokers and 18 manufacturers. Mohair is a fashion fibre. Prices are determined by demand and supply at one of 3 auction ports.

Figure 3 below depicts mohair producer prices in South Africa between 2004 and 2013.



Source: Mohair South Africa

The graph further depicts that in 2004, mohair producer prices started to increase at a very slow pace at approximately R43.78/kg and then a consistent increase of between R58.47/kg and R78.38/kg until a slight decline occurred in 2008 at approximately R71.33/kg. Between 2009 and 2012, mohair producer prices took a positive direction with a consistent increase until a peak was attained in 2013 at approximately R142.01 per kilogram. The reason for the price increases was the decline in production causing less supply in the market and thereby causing the price to go up.

The graph further depicts that there was a 34.0% increase in mohair producer prices in South Africa during 2013 as compared to 2004 marketing season.

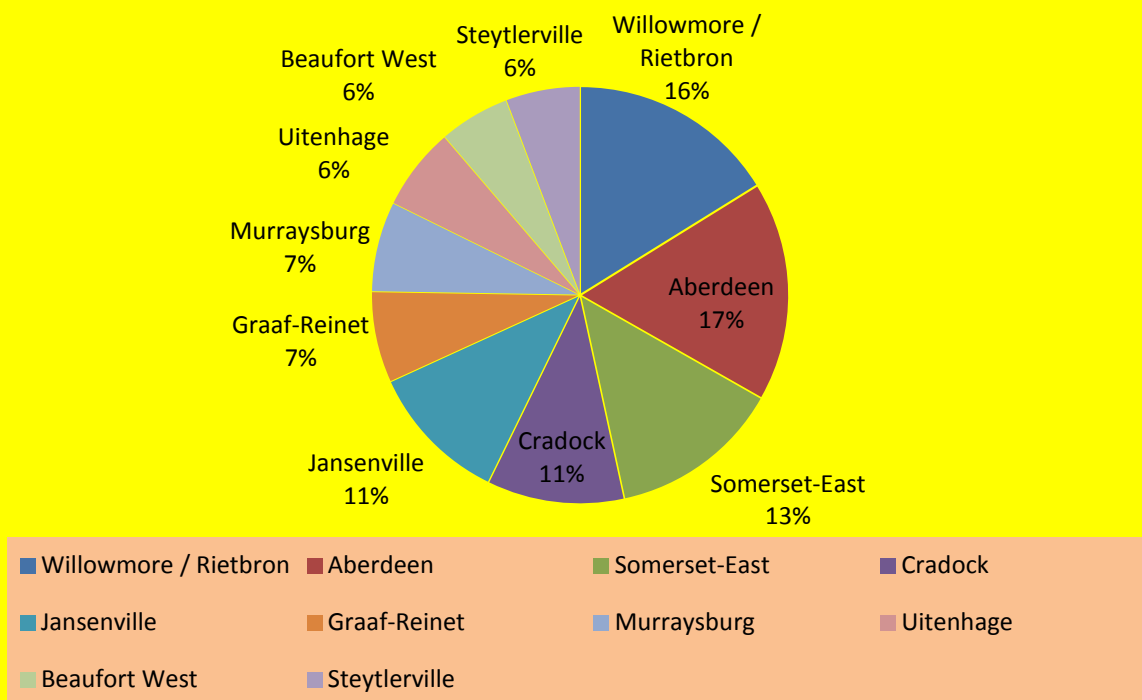
4. PRODUCTION AREAS OF MOHAIR IN SA (2013)

The first importation of angora goats was destined for Caledon in the Western Cape but over the course of time they spread to the Eastern Cape where the climate and vegetation are more suitable for the rearing of angora goats and the production of high quality mohair. In due course, Jansenville and the surrounding districts became the hub of the mohair industry in South Africa and to this day the primary industry is centered on the small town of Jansenville.

This is clearly illustrated by the fact that the offices of both the South African Mohair Growers' Association and the Angora Goat Stud Breeders' Society of South Africa are located in Jansenville. The leading angora studs and the biggest concentration of stud breeders are found in the Jansenville district, while many of the leaders of the mohair industry hail from this area (Ikhwezi).

Figure 4 below illustrates the main mohair producing areas in South Africa during 2013 marketing season.

Figure 4: Top mohair production areas in South Africa (2013)



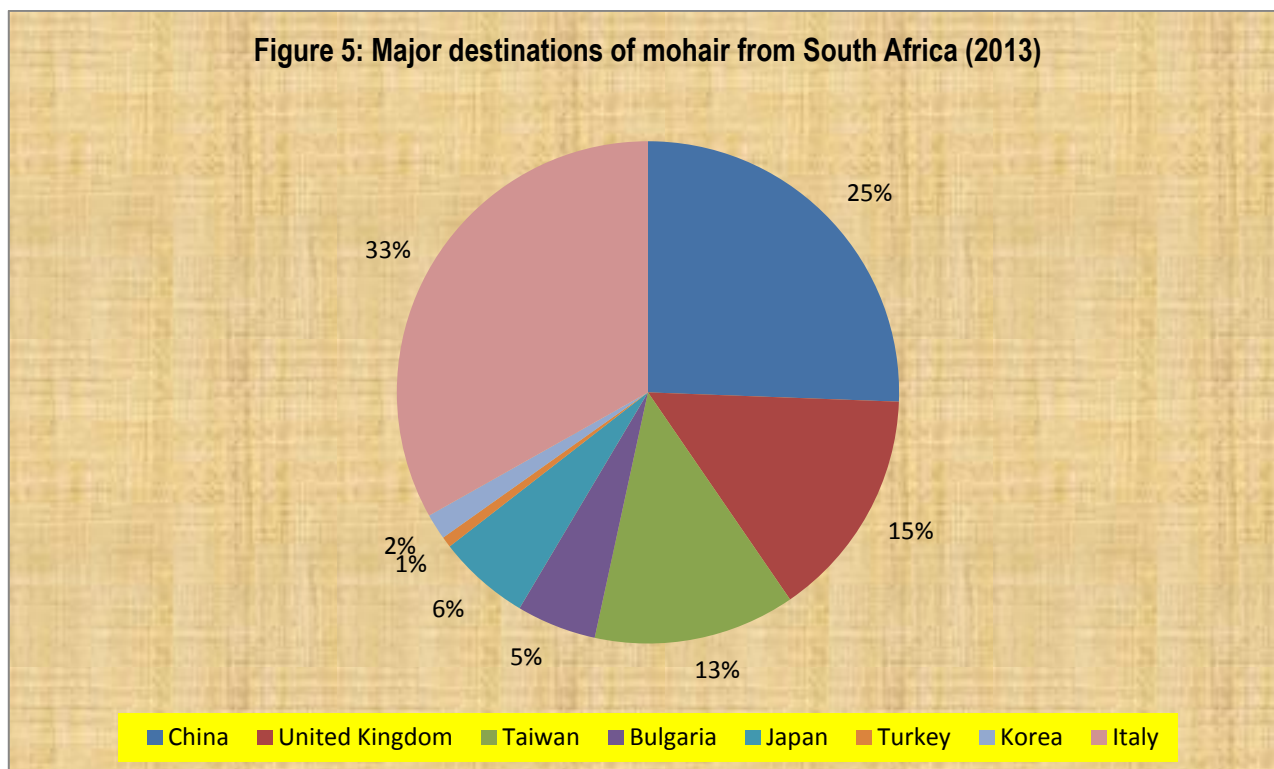
Source: Mohair South Africa

The figure further illustrates that the main mohair producing areas during the period under examination was Aberdeen accounting for 17%, Willowmore accounting for 16%, Somerset East accounting for 13%, Cradock and Jansenville accounting for 11% respectively. The figure also illustrates that mohair is also produced in smaller volumes in areas such as Graaf-Reinet, Murraysburg, Steytlerville, Uitenhage and Beaufort West.

5. MAJOR EXPORT MARKETS FOR SOUTH AFRICAN MOHAIR (2013)

Figure 5 below shows major destinations of mohair from South Africa to the world between 2004 and 2013.

Figure 5: Major destinations of mohair from South Africa (2013)

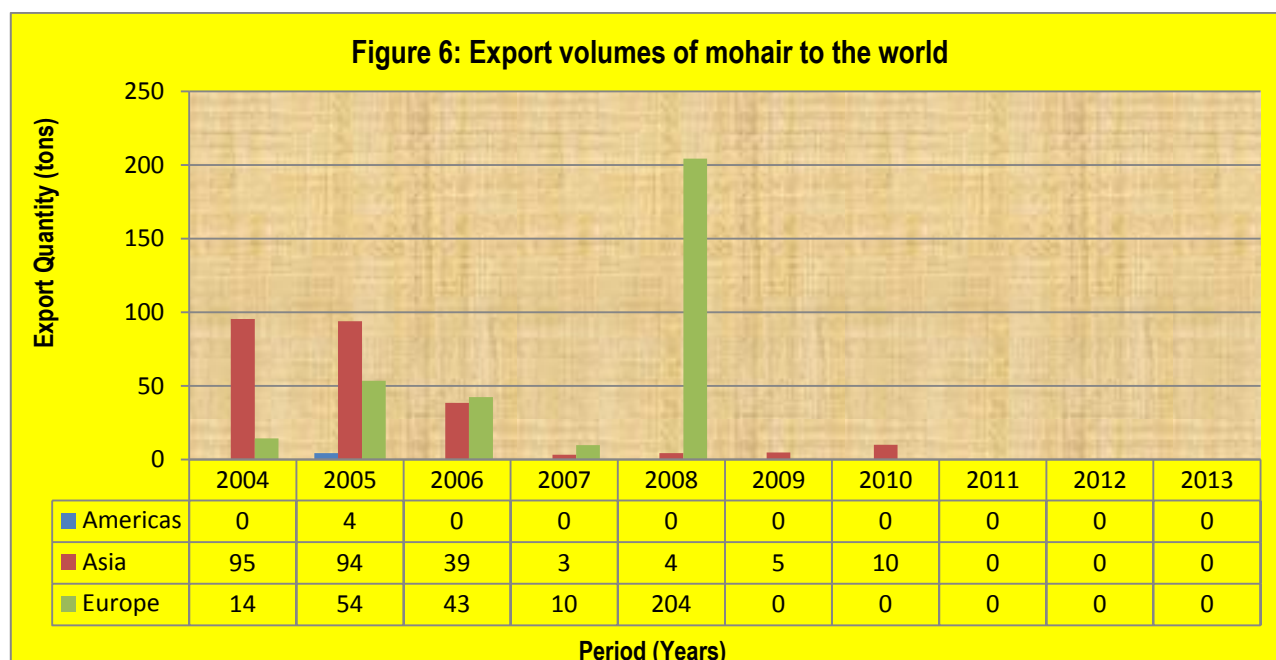


Source: Mohair South Africa

The figure further shows that South Africa is still the largest and leading mohair producer in the world with 49.5% in the total world production, followed by Lesotho and Argentina. Other producers are United States of America, Turkey, Australia and New Zealand. The figure also shows that during the 2013 marketing season, most mohair exports from South Africa went to Italy accounting for 33%, followed by China accounting for 25%, United Kingdom accounting for 15%, Taiwan accounting for 13% and Japan accounting for 6%. The figure further shows that the lowest importers of mohair from South Africa during this period were Bulgaria at 5%, Korea at 2% and Turkey at 1% respectively.

6. EXPORTS VOLUMES OF MOHAIR

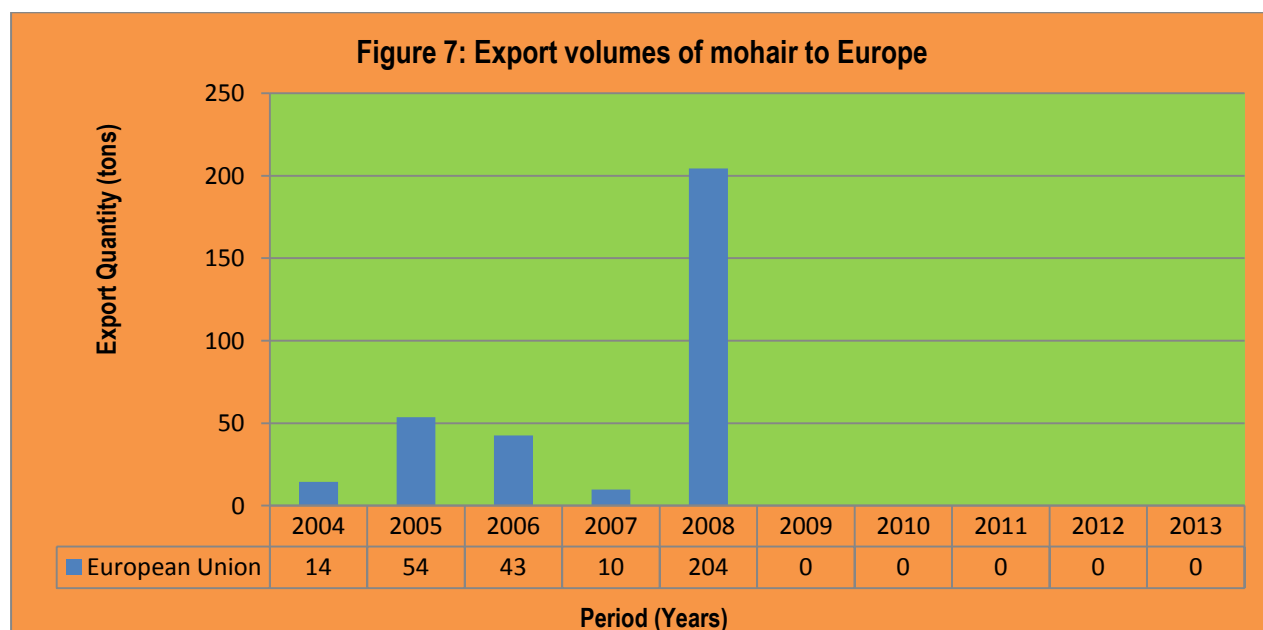
The downward pressure on the adult market was the main reason for a decrease in exports of 15% from 2011, whilst China and Taiwan increased their share of the export market in 2012 and 2013. Exports of mohair from South Africa to the world went Europe, particularly United Kingdom over the past decade. Figure 6 below indicates export volumes of mohair from South Africa to various regions of the world between 2004 and 2013.



Source: Quantec EasyData

It is clear from the graph that the major world market for mohair from South Africa was Europe, followed by very low export volumes to Asia and Americas over the past decade. The figure also indicates that export volumes of mohair from South Africa to Europe were from a high base during the first half of the ten year period under scrutiny attaining a peak in 2008 at approximately 204 tons. During the second half of the same period under examination, there were no export volumes of mohair from South Africa to Europe. The figure also indicates that export volumes of mohair from South Africa to Asia attained a peak in 2004 at approximately 95 tons. The figure further indicates that during the period under review, South Africa Americas of not more than 4 tons per annum. There was a 100% decline in export volumes of mohair from South Africa to Europe in 2013 as compared to the 2004 marketing season.

Figure 7 below shows volumes of mohair exports from South Africa to Europe between 2004 and 2013.

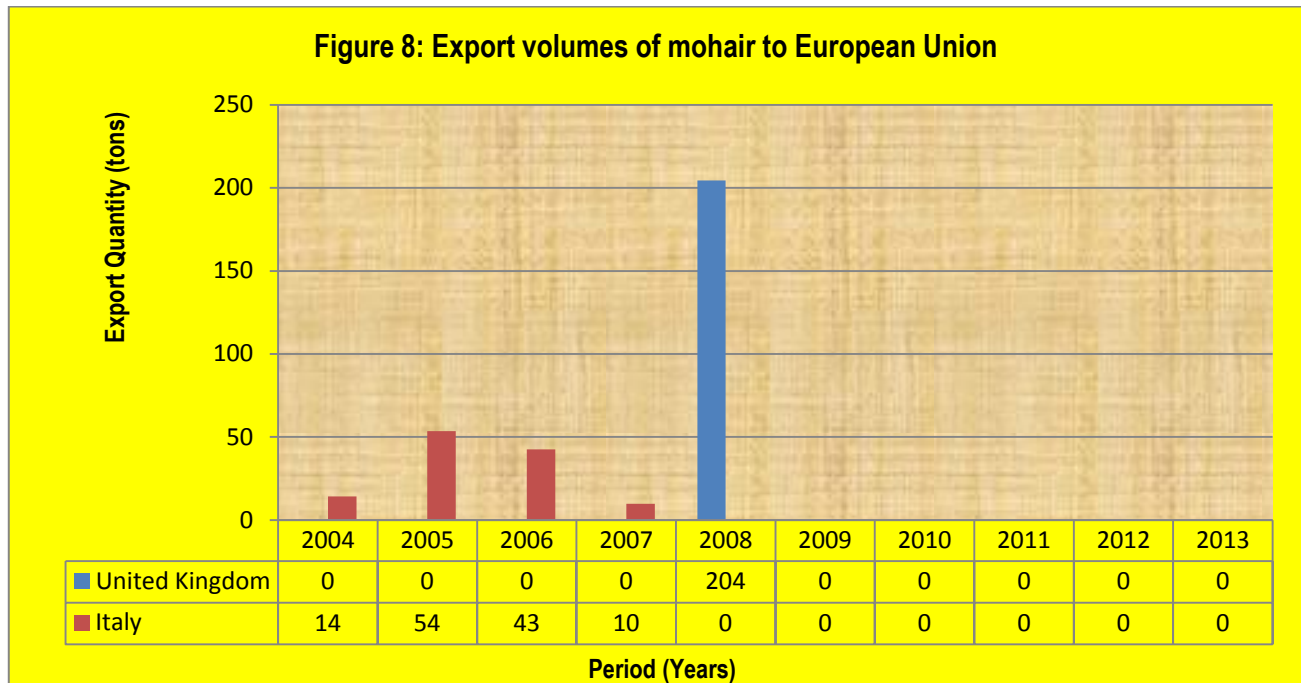


Source: Quantec EasyData

The graph further shows that over the past decade, European Union commanded the greatest market share of mohair exports from South Africa to Europe. Exports of mohair from South Africa to the European Union started

to increase dramatically in 2008 and at the same time attained a peak at approximately 204 tons. The graph further shows that there were no exports of mohair from South Africa to the European Union during the second half of the period under examination (2009 and 2013). The graph also shows that in 2013, there was a 100% decline in export volumes of mohair from South Africa to the European Union as compared to the 2004 marketing season.

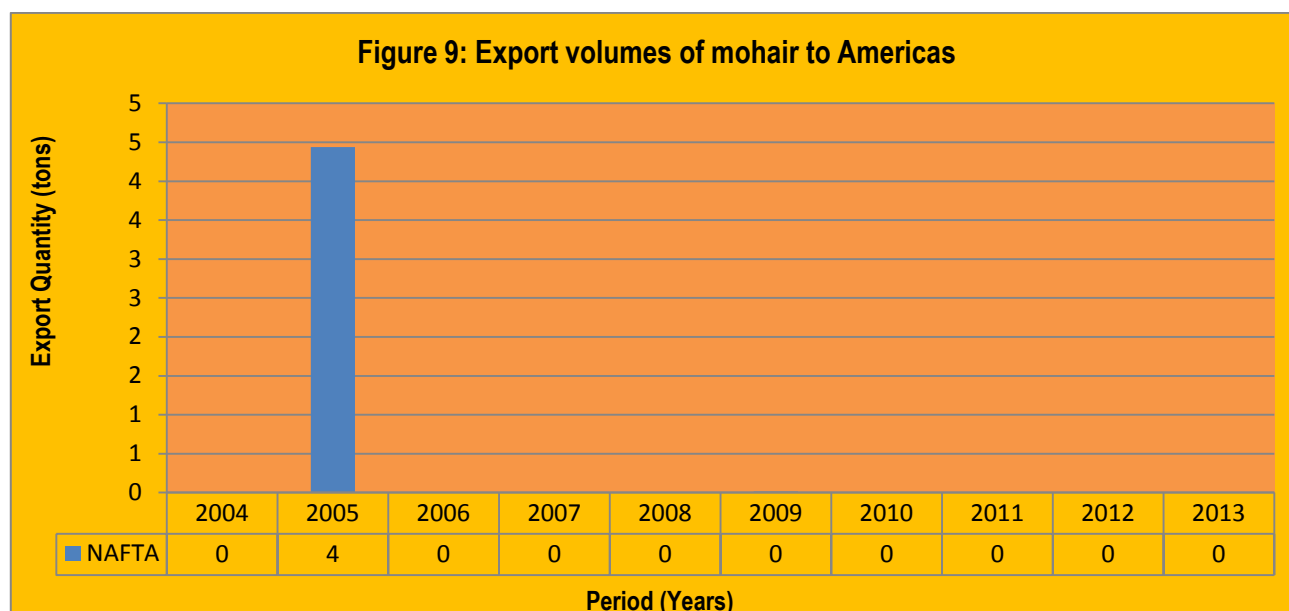
Figure 8 below depicts volumes of mohair exports from South Africa to European Union between 2004 and 2013.



Source: Quantec EasyData

The graph further depicts that over the past ten years, United Kingdom commanded the greatest share of export volumes of mohair from South Africa to European Union. The graph also depicts that exports of mohair from South Africa to United Kingdom started to increase in 2008 and at the same time attained a peak at approximately 204 tons. The graph further depicts that there were no exports of mohair from South Africa to United Kingdom between 2004 to 2007 and again between 2009 and 2013. The graph also depicts that exports of mohair from South Africa to Italy attained a peak in 2005 at approximately 54 tons. South Africa did not export mohair to Italy between 2008 and 2013 marketing season. The graph also depicts that in 2013, exports of mohair from South Africa to United Kingdom remain at 0.00% as compared to the 2004 marketing season.

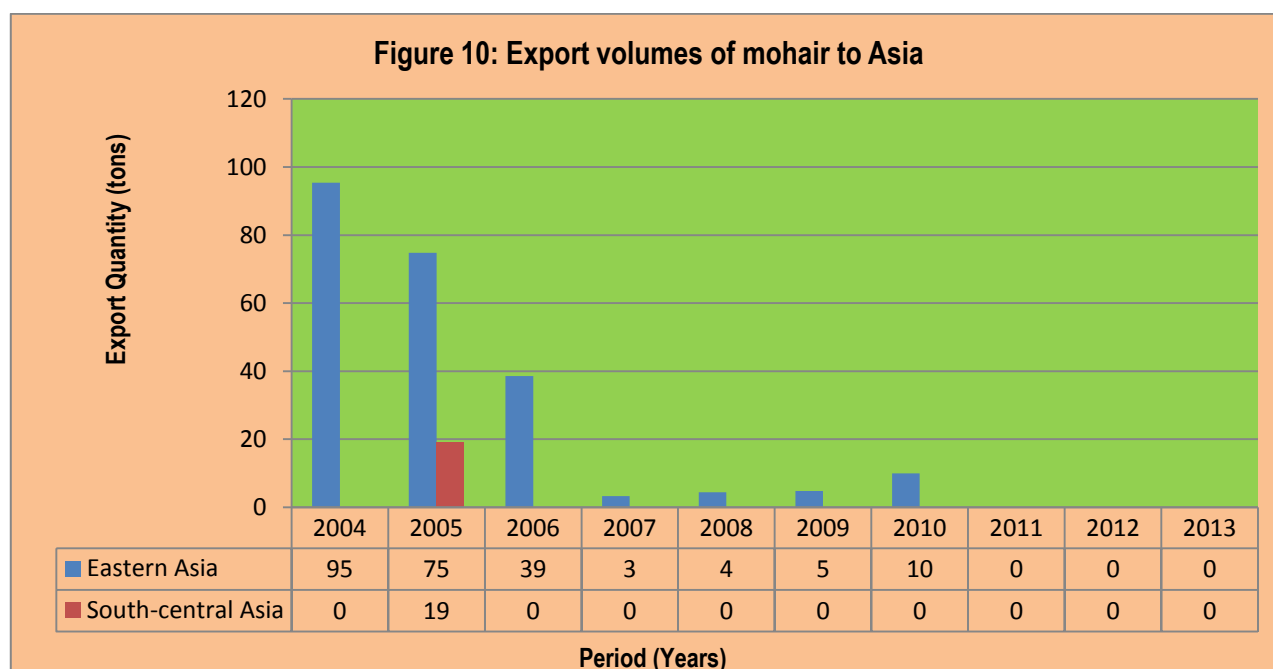
Figure 9 below illustrates export volumes of mohair from South Africa to the Americas between 2004 and 2013.



Source: Quantec EasyData

The graph further illustrates that between 2004 and 2013, the major export market for mohair from South Africa to Americas was NAFTA with no competition from other Americas regions. The figure also illustrates that exports of mohair from South Africa to NAFTA started to increase in 2005, and at the same time attained a peak at an export volume of approximately 4 tons. The graph further illustrates that in 2004 and again between 2006 and 2013, there were no export volumes of mohair from South Africa to NAFTA. The graph also illustrates that exports of mohair from South Africa to NAFTA in 2013 did not grow at 0.00% as compared to the 2004 marketing season.

Figure 10 below presents export volumes of mohair from South Africa to Asia between 2004 and 2013.

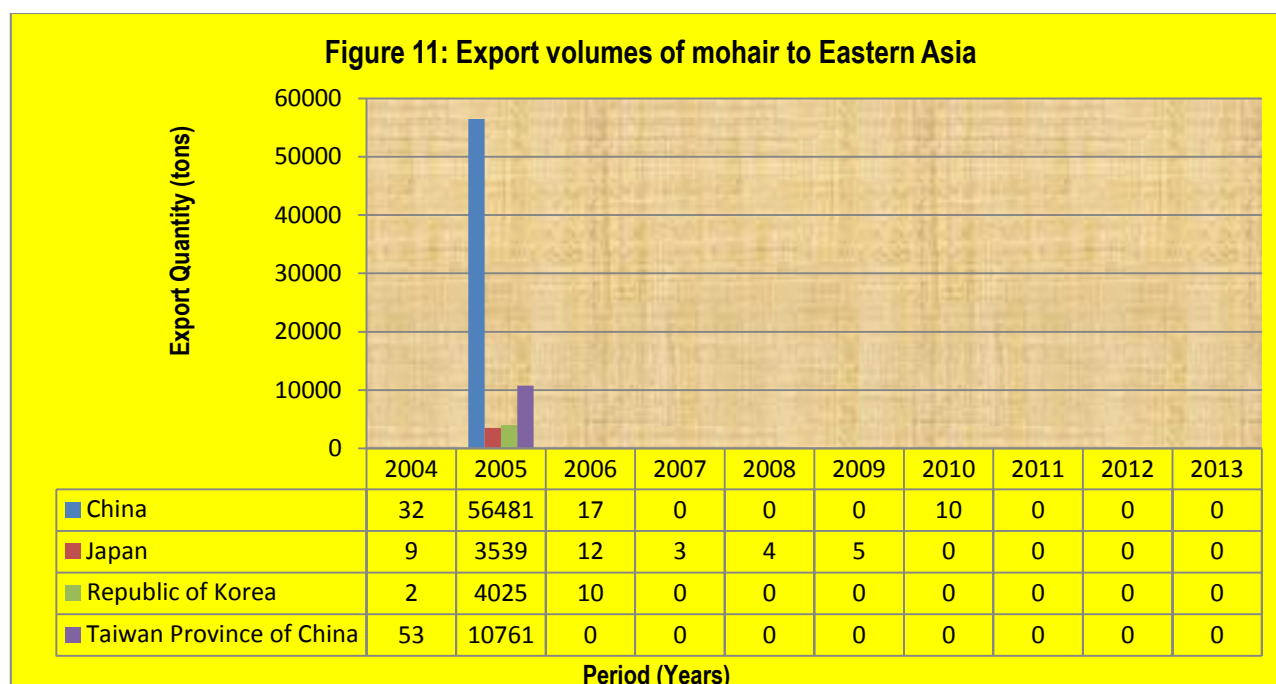


Source: Quantec EasyData

The figure further shows that over the past decade, Eastern Asia commanded the greatest market share of mohair exports from South Africa to Asia, followed by very low or intermittent export volumes to South-central Asia. The figure also shows that exports of mohair from South Africa to Eastern Asia were from a high base during the first half of the ten year period under review attaining a peak in 2003 at approximately 95 tons. During the second half of the same period, exports of mohair from South Africa to Eastern Asia were from a

very low base attaining a peak in 2010 at approximately 10 tons. The figure also shows that over the past ten years, there were very intermittent export volumes of mohair from South Africa to South-central Asia of not more than 19 tons per year. The figure further shows that there was a 100% decline in export volumes of mohair from South Africa to Eastern Asia in 2013 as compared to the 2004 marketing season.

Figure 11 below depicts export volumes of mohair from South Africa to Eastern Asia between 2004 and 2013.



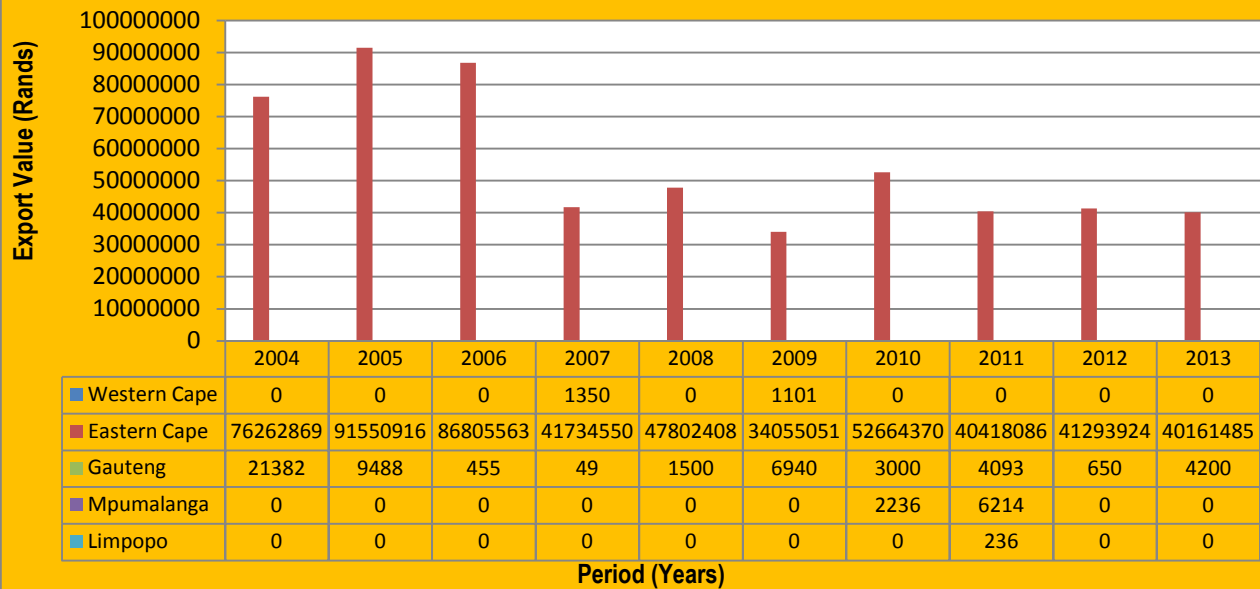
Source: Quantec EasyData

It is evident from the graph that China commanded the greatest market share of mohair exports from South Africa to Eastern Asia, followed by Taiwan Province of China over the past ten years. The figure also depicts that exports of mohair from South Africa to China started to increase in 2005, and at the same time attained a peak at approximately 56481 tons, while volumes of mohair from South Africa to Taiwan Province of China attained a peak also in 2005 at approximately 10761 tons. The figure further depicts that in 2004 and again between 2006 and 2013, exports of mohair from South Africa to China, Japan and Republic of Korea were very intermittent and not more than 17 tons per annum. The figure further depicts that there was a 100% decline in export volumes of mohair from South Africa to China in 2013 as compared to the 2004 marketing season.

6.1 Exports of mohair by Provinces of South Africa

Figure 12 indicates value of mohair exports by provinces of South Africa to the world between 2004 and 2013.

Figure 12: Value of mohair exports by Provinces

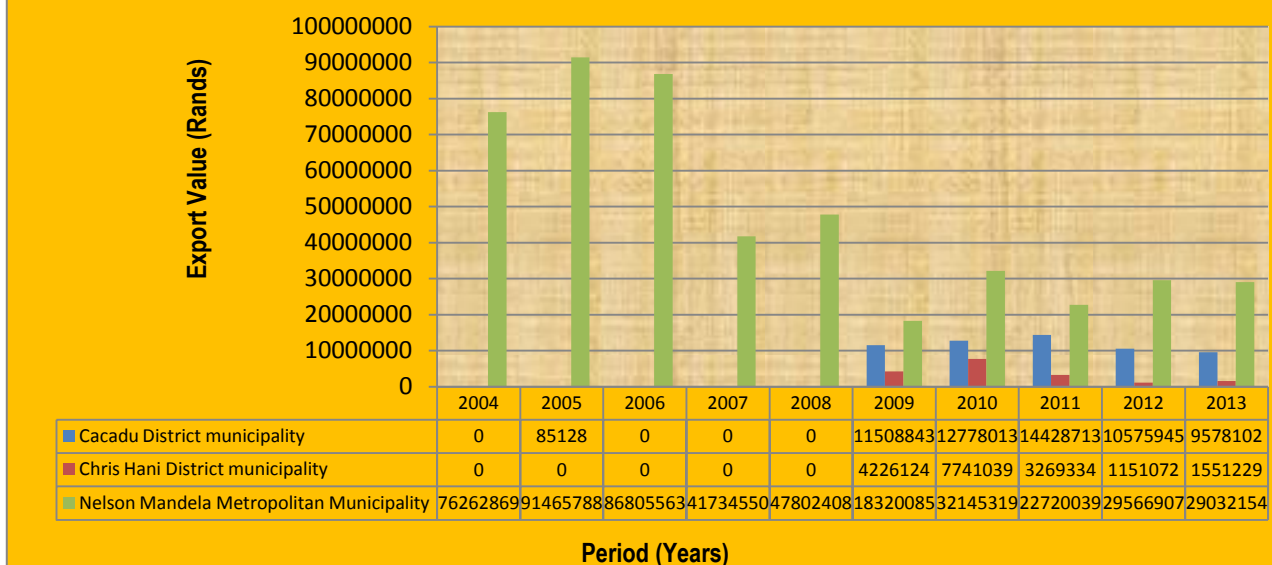


Source: Quantec EasyData

The graph further indicates that during the period under scrutiny, the major exporter of mohair from South Africa to the world was Eastern Cape Province with very minimal competition from other provinces. The graph also indicates that exports of mohair from the Eastern Cape Province to the world started to increase considerable in 2008 and a peak was attained in 2010 at approximately R52.4 million. Gauteng province had very low levels of mohair exports to the world over the same period under examination attaining its peak also in 2010 at approximately R3000. The graph further indicates that between 2006 and 2008 and again between 2012 and 2013, there were no exports of mohair by Gauteng province to the world. The graph also indicates that in 2013, there was a 94.6% increase in value of mohair exports from the Eastern Cape Province to the world as compared to the 2004 marketing season.

Figure 13 illustrates value of mohair exports by Eastern Cape Province of South Africa to the world between 2004 and 2013.

Figure 13: Value of mohair exports by Eastern Cape Province

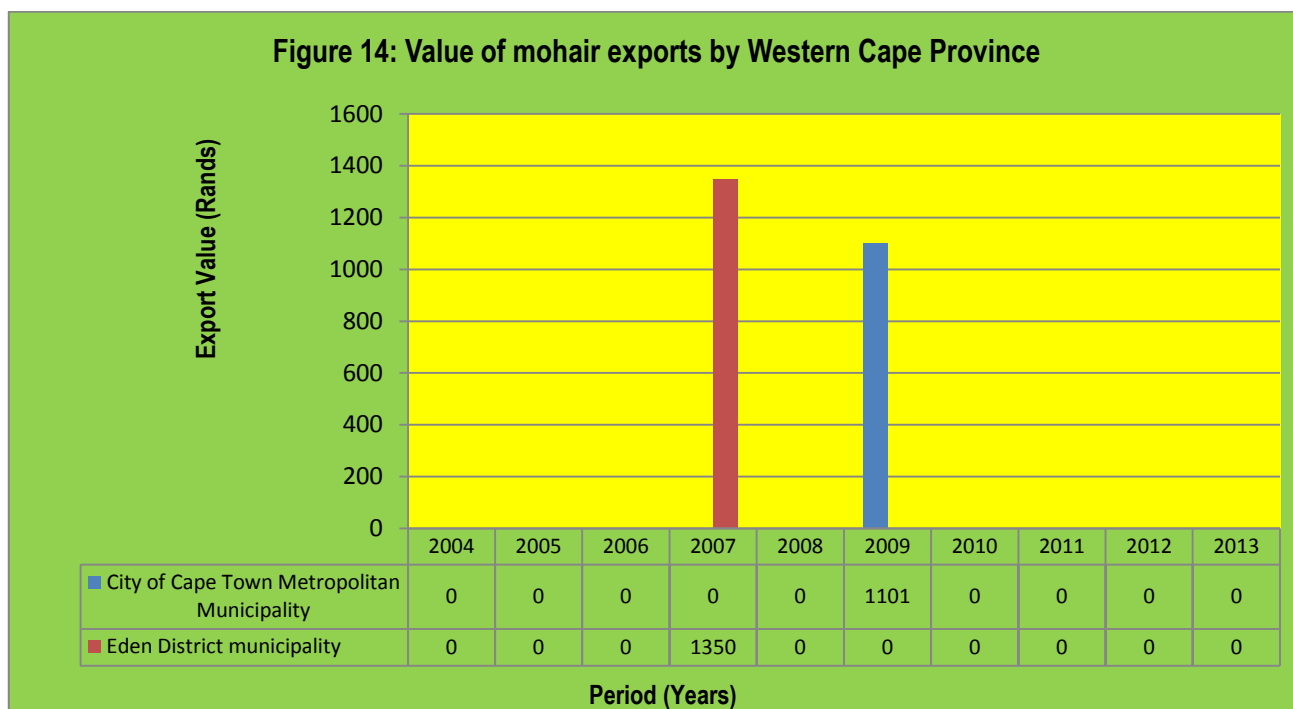


Source: Quantec EasyData

The graph further illustrates that the major exporter of mohair from the Eastern Cape Province to the world was Nelson Mandela Metro, followed by Cacadu and Chris Hani District Municipalities. The figure also shows that

exports of mohair from Nelson Mandela Metro municipality to the world were from a high base during the first half of the ten year period attaining a peak in 2005 and 2006 at approximately R91.4 and R86.8 million respectively. The graph further illustrates that exports of mohair from Nelson Mandela Metro municipality to the world declined substantially during the second half of the same period under scrutiny to lower levels of about R18.3 million in 2009. The figure further illustrates that, Cacadu and Chris Hani District municipalities had very low levels of mohair exports from South Africa to the world of not more than R20 million respectively during the period under scrutiny. The figure further illustrates that there was a 61.9% decline in value of mohair exports from Nelson Mandela Metro to the world in 2013 as compared to the 2004 marketing season.

Figure 14 depicts value of mohair exports by Western Cape Province of South Africa to the world between 2004 and 2013.

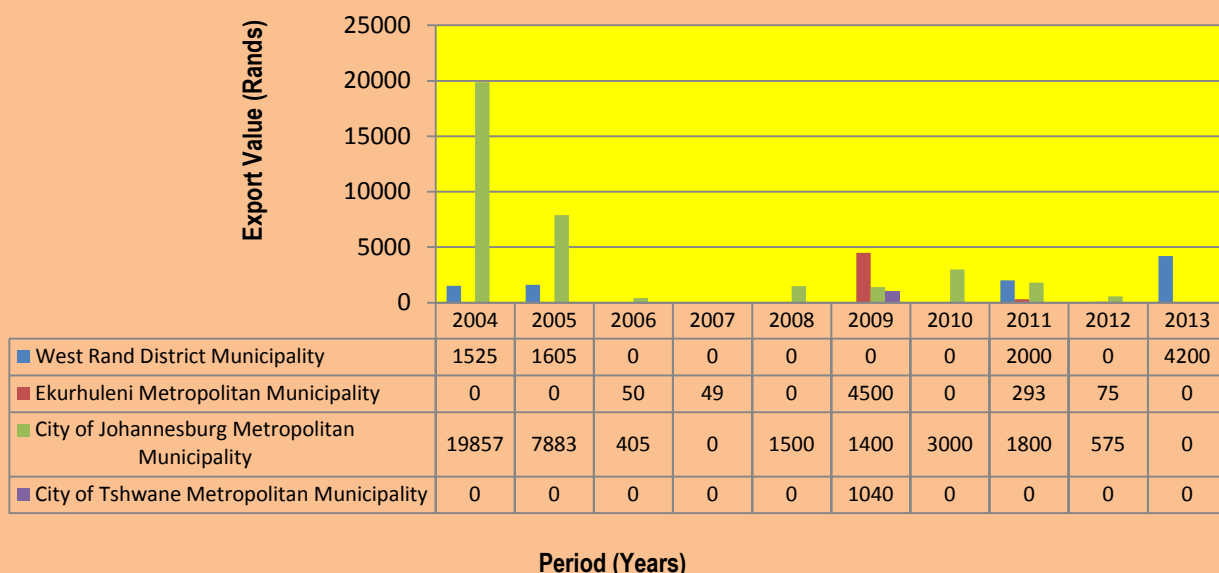


Source: Quantec EasyData

The figure further depicts that during the period under examination, the major exporter of mohair from the Western Cape Province to the world was Eden District municipality, followed by the City of Cape Town Metro. The figure also depicts that exports of mohair from Eden District municipality to the world started to increase in 2007, and at the same time attained a peak at an export value of approximately R1 350.00. The figure further depicts that exports of mohair from the City of Cape Town Metro to the world started to increase in 2009, and at the same time attained a peak at an export value of approximately R1 101.00. The figure further depicts that between 2004 and 2008 and again between 2010 and 2013, there were no exports of mohair from the City of Cape Town Metro to the world. Between 2004 and 2006, and again between 2008 and 2013, there were no exports of mohair from Eden District to the world. In 2013 there was a 100% decline in value of mohair exports from Eden District Municipality to the world as compared to 2007; while there was also a 100% decline in value of mohair exports from by the City of Cape Town Metro to the world in 2013 as compared to the 2009 marketing season.

Figure 15 shows value of mohair exports by Gauteng Province of South Africa to the world between 2004 and 2013.

Figure 15: Value of mohair exports by Gauteng Province



Source: Quantec EasyData

The graph further shows that during the period under examination, the major exporter of mohair from Gauteng Province to the world was City of Johannesburg Metro municipality, followed by West Rand District municipality and Ekurhuleni Metro. The graph also shows that exports of mohair from the City of Johannesburg Metro to the world were from a high base during the first half of the ten year period attaining a peak in 2004 at approximately R19 857. Exports of mohair from the City of Johannesburg Metro to the world were from a low base during the second half of the same period under examination attaining a small peak in 2010 at approximately R3000. The graph also shows that the City of Tshwane and Ekurhuleni Metropolitan Municipalities had very low levels of mohair exports to the world during the period under review. The graph further shows that there was a 100% decline in value of mohair exports from the City of Johannesburg Metropolitan municipality to the world in 2013 as compared to the 2004 marketing season.

7. SHARE ANALYSIS

From Table 1, it is clear that Eastern Cape Province commanded the greatest share of South African mohair exports over the past ten years (2004 – 2013). This is due to the fact that Eastern Cape is the main production area of mohair and it is the main auction market and nearest exit point (Port Elizabeth) to the world.

Table 1: Share analysis of provincial mohair exports to the total RSA mohair exports (%)

Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Provinces										
Eastern Cape	99.9	99.9	99.9	99.9	99.9	99.9	99.9	99.99	99.99	100
Gauteng	0.03	0.01	0.00	0.00	0.00	0.02	0.01	0.01	0.01	0.00
Total	100	100	100	100	100	100	100	100	100	100

Source: Quantec EasyData

Tables 2 to 5 illustrate analysis of district mohair exports to the world over a ten year period.

Table 2: Share of district mohair exports to the total Eastern Cape provincial mohair exports (%)

Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Districts										

Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cacadu District	0.00	0.01	0.00	0.00	0.00	33.8	24.3	35.70	25.61	23.8
Chris Hani	0.00	0.00	0.00	0.00	0.00	12.4	14.7	8.09	2.79	3.86
Nelson Mandela	100	99.9	100	100	100	53.8	61.0	56.21	71.60	72.3
Total	100	100	100	100	100	100	100	100	100	

Source: Quantec Easy Data

From Table 2 above shows that over the past decade, Nelson Mandela Metro commanded the greatest share of district mohair exports from Eastern Cape Province.

Table 3: Share of district mohair exports to the total Western Cape provincial mohair exports (%)

Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Districts										
City of Cape Town	0.00	0.00	0.00	0.00	0.00	100	0.00	0.00	0.00	0.00
Eden District	0.00	0.00	0.00	100	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	100	0.00	100	0.00	0.00	0.00	0.00

Source: Quantec Easy Data

From Table 3, shows that City of Cape Town Metro and Eden District municipalities commanded the greatest share of mohair exports from Western Cape Province over the past decade.

Table 4: Share of district mohair exports to the total Gauteng provincial mohair exports (%)

Years	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Districts										
West Rand District	7.13	16.9	0.00	0.00	0.00	0.00	0.00	48.86	0.00	100
Ekurhuleni Metro	0.00	0.00	11.0	100	0.00	64.8	0.00	7.16	11.54	0.00
City of Johannesburg	92.9	83.1	89.0	0.00	100	20.2	100	43.98	88.46	0.00
City of Tshwane	0.00	0.00	0.00	0.00	0.00	15.0	0.00	0.00	0.00	0.00
Total	100	100	100	100	100	100	100	100	100	100

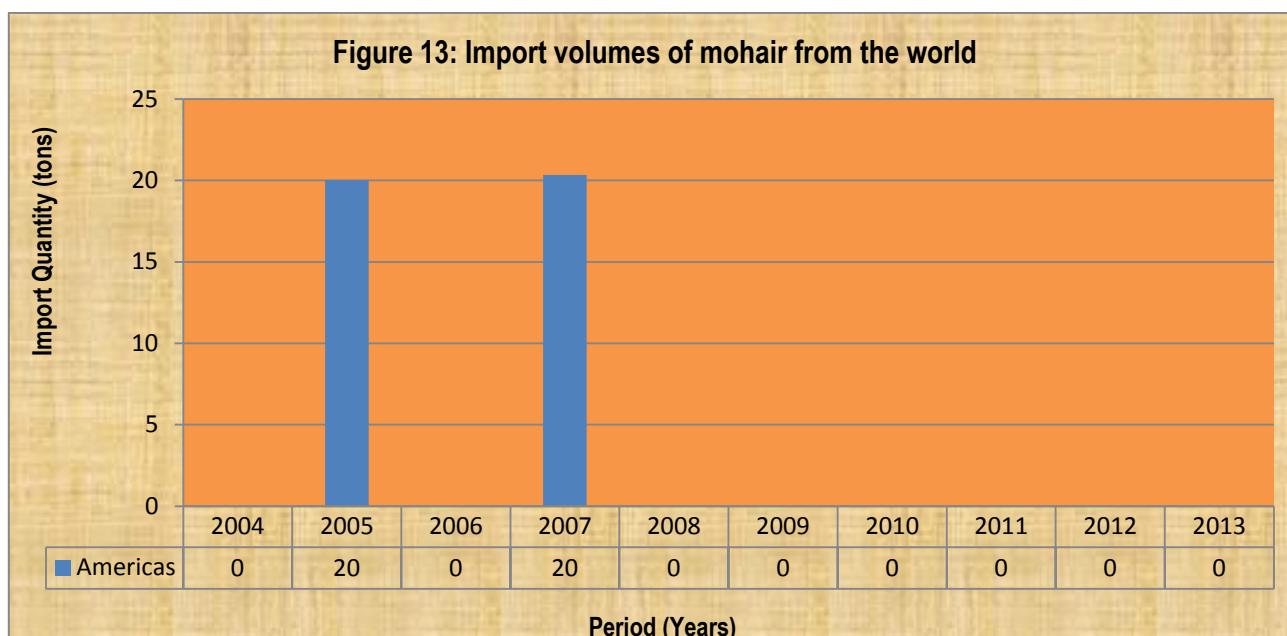
Source: Quantec Easy Data

From Table 4, it shows that City of Johannesburg Metro commanded the greatest share of district mohair exports from Gauteng Province over the past ten years.

8. IMPORTS VOLUMES OF MOHAIR

The trends below indicates that South Africa imports small quantities of mohair from the world on an annual basis. Most of the imports are re-exported after processing. Imports from the 2013 marketing season decreased by 100% as the country did not import any mohair in 2013 as compared to 2007. Over the past decade, South Africa only managed to import 40 tons of mohair from the world mainly from Americas.

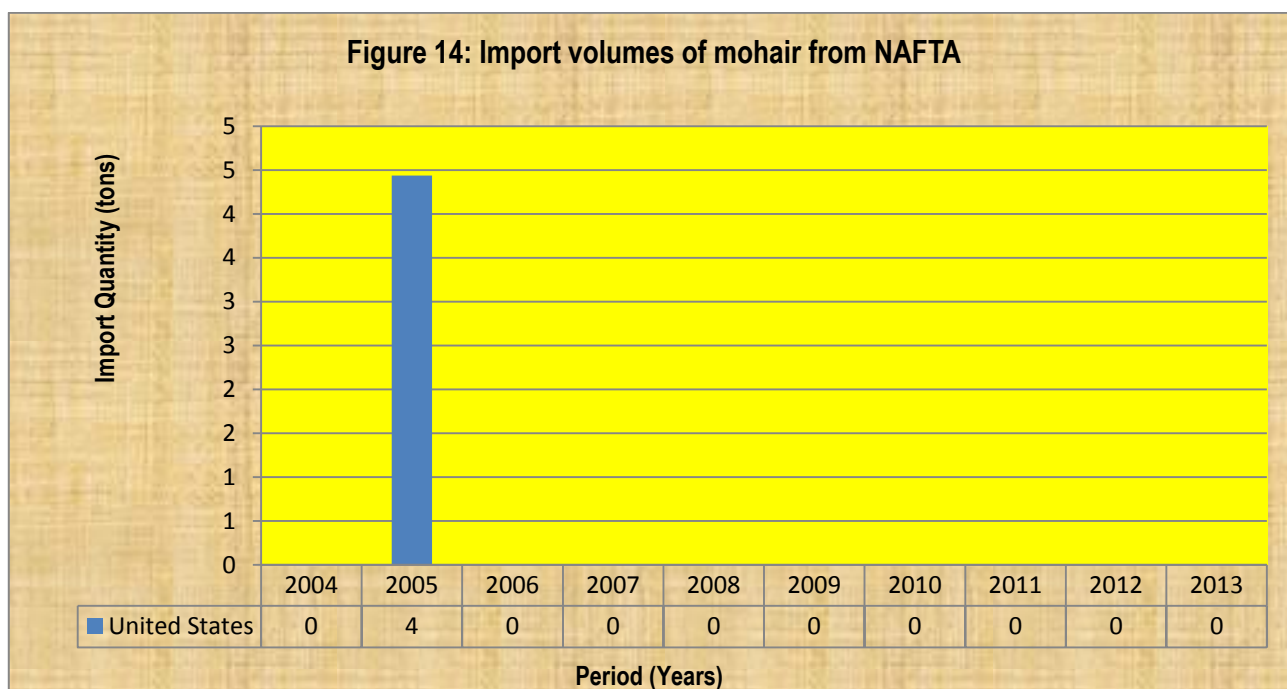
Figure 16 below illustrates volumes of mohair imports from various regions of the world into South Africa between 2004 and 2013.



Source: Quantec EasyData

It is clear from the figure that the major import market for mohair from the world into South Africa was Americas over the past ten years. The figure also illustrates that imports of mohair from Americas into South Africa started to increase in 2005 and 2007, until a peak was attained in same years at approximately 20 tons respectively. The figure also illustrates that in 2004 and again in 2006, and again between 2008 and 2013, there were no import volumes of mohair from Americas into South Africa. The figure also illustrates that import volumes of mohair from Americas into South Africa in 2013 remained at 0.00% as compared to 2004 marketing season.

Figure 17 shows volumes of mohair imports from NAFTA into South Africa between 2004 and 2013.



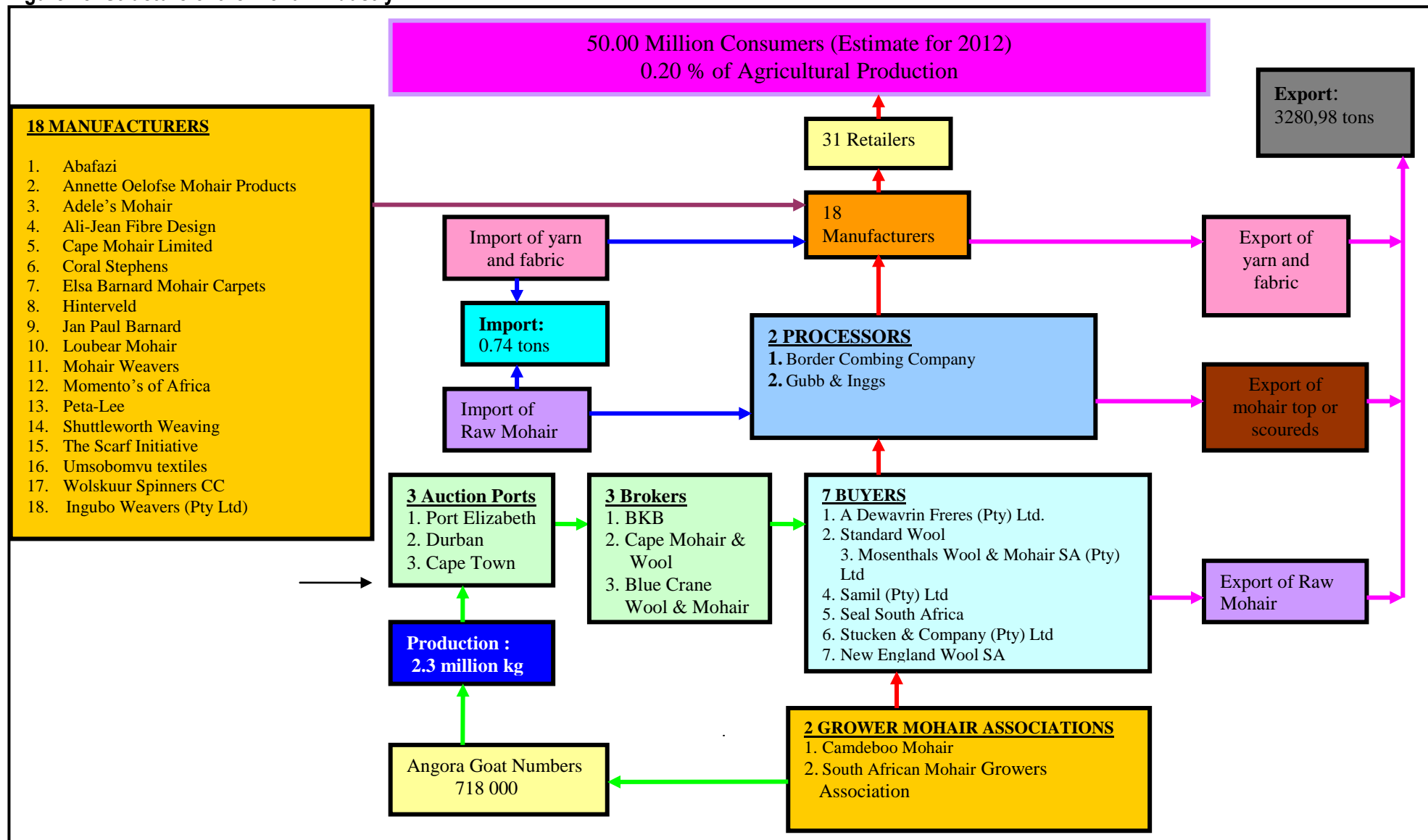
Source: Quantec EasyData

It is evident from the figure that the major import market for mohair from NAFTA into South Africa was United States over the past ten years. The figure also illustrates that imports of mohair from the United States into South Africa started to increase in 2005 and at the same time attained a peak at approximately 4 tons. The figure also shows that in 2004 and again between 2006 and 2013, there were no import volumes of mohair

from the United States into South Africa. The figure also shows that import volumes of mohair from the United States into South Africa in 2013 remained at 0.00% as compared to 2004 marketing season.

9. MOHAIR VALUE CHAIN

Figure 25: Structure of the mohair industry.



The value chain of mohair starts with 2 Grower Mohair Associations with members that owns 718 000 angora goats. Production in 2012 was estimated at 2,32 million kg of mohair that was traded through 3 auction ports managed by 3 brokers. Auctions are held every Wednesday during the production seasons and around 32 auctions took place throughout the year. There are 7 main buyers of mohair acting on behalf of local and international processors. Direct sales occur on a small scale. Processors process mohair into tops and scoureds and sent them to 18 manufacturers. Manufacturers produce products such as blankets, scarves, shawls, throws, plaids, bedcovers, cushions, yarn, fabric, etc.

Import and export of mohair occurs in every stage of the value chain; from raw wool to yarn and fabric. Import of raw mohair is mainly to be processed and re-exported. Import amounted to 1,5 million kg of mohair while export was 3,5 million kg.

10. BARRIERS TO PARTICIPATION BY THE EMERGING SECTOR

The quantity and quality of mohair produced by small-scale producers vary from season to season due to:

- Very difficult conditions under which they farm, which is according to the communal pastoral system, whereby the veld belongs to the community.
- Breeding programmes are difficult and complicated to apply because all types of goats run together in the veld. This problem is aggravated during the mating season because the producer has to tend the goats day and night in order to avoid crossbreeding.
- Small-scale mohair producers lack sufficient and easy accessible sheltering, this poses a problem because Angora goats are very sensitive to drastic weather changes, usually more than one large shelter has to be erected on different locations on the farm and this can be quite costly.
- There is no sufficient shearing and mohair sorting equipment, applicable hair sorting and classing and classing knowledge of both farmer and labourers is minimal.

11. BLACK ECONOMIC EMPOWERMENT INITIATIVES

The SA Mohair industry fully supports BEE policy of government since its initiation in 2006, and has accepted the responsibility for Black Economic Empowerment and it has established projects as follows:

- a. The combined project with SAMIL and governmental organizations to establish training centers with the aim of training individuals in all aspects of mohair farming.
- b. The Hardwood project at Klipplaat (Mentoring).
- c. The mentoring project at Prince Albert.
- d. The mentoring project at Pearston.

The industry latest focus is on the area around Matatiele in the north eastern part of the Eastern Cape Province. Most Angora goats owned by people of colour are found in this part of the country. Efforts will therefore to be made by the mohair industry to help the villagers obtain superior breeding material, especially rams. No classing of mohair is done in the area, once more the industry will have to step in and conduct classing demonstrations to teach the people the very basic principles of classing mohair.

11.1 Representation within the Empowerment Trust

- The emerging farmers are represented in the Mohair Trust as well as in the Empowerment Trust;
- The National agricultural Marketing Council also has two trustees in the empowerment Trust, which, it is accepted, will be ethnically representative of the demographic of the South African population.
- The other trustees are:

- The Chairman and Vice-Chairman of the Mohair Trust
- The Chairman of Mohair South Africa Limited.
- The President of SA Moahir Growers Association.

12. MARKET ACCESS

12.1 Export tariffs for mohair

Table 5: Tariffs applied by various world markets to mohair (fine animal hair) exports originating from South Africa in 2013

Country	Product description	Trade Regime Description.	Applied Tariffs.	Total Ad Valorem Equivalent Tariff
United States of America	Fine hair of Kashmir (cashmere) goats, not processed in any manner	MFN duties	50.00\$/ton	0.33%
Canada	Hair of Kashmir cashmere goats, neither carded nor combed	MFN duties	0.00%	0.00%
China	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir cashmere goats) : Of other goats	MFN duties	9.00%	9.00%
France	Hair of Kashmir "cashmere" goats, neither carded nor combed	MFN duties	0.00%	0.00%
India	Fine or coarse animal hair, not carded or combed: fine animal hair: of Kashmir (cashmere) goats: fine animal hair: marine angora	MFN duties	5.00%	5.00%
Ireland	Hair of Kashmir "cashmere" goats, neither carded nor combed	MFN duties	0.00%	0.00%
Italy	Hair of Kashmir "cashmere" goats, neither carded nor combed	MFN duties	0.00%	0.00%
Japan	Fine or coarse animal hair, not carded or combed	MFN duties	0.00%	0.00%
United Kingdom	Hair of Kashmir "cashmere" goats, neither carded nor combed	MFN duties	0.00%	0.00%
Brazil	Fine or coarse animal hair, not carded or combed	MFN duties	8.00%	8.00%
Zambia	Fine or coarse animal hair, not carded or combed	MFN duties	15.00%	15.00%
		Preferential tariff for South Africa	0.00%	0.00%
Zimbabwe	Fine or coarse animal hair, not carded or combed	MFN duties	5.00%	5.00%

Source: Macmap

Table 5 above depicts tariffs that are charged by various world markets for mohair exports from South Africa to during 2013 marketing season. The table further depicts that mohair from South Africa is exported duty free to many world countries during the period under review. It is only United States of America, Brazil, China, Zimbabwe and India that applies between 5% and 50% tariffs respectively to mohair exports from South Africa during the period under scrutiny.

12.2 Import tariffs for mohair

Table 6: Tariffs applied by South Africa to mohair (fine animal hair) originating from various countries of the world in 2013

Country	Product Description	Trade Regime Description.	Applied Tariffs.	Total Ad Valorem Equivalent Tariff
Austria	Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Not further processed	MFN duties (Applied)	0.00%	0.00%
India	Hair of Kashmir "cashmere" goats, neither carded nor combed: Not further processed than bleached	MFN duties (Applied)	0.00%	0.00%
Italy	Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Other	MFN duties (Applied)	0.00%	0.00%
United Kingdom	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%
United States of America	Coarse animal hair, neither carded nor combed (excl. wool, hair and bristles used in the manufacture of brooms and brushes & horsehair from the mane or tail) : Other	MFN duties (Applied)	0.00%	0.00%
Germany	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%
France	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%
Zimbabwe	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%
Zambia	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%
Brazil	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%
Netherlands	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%
Spain	Fine animal hair, neither carded nor combed (excl. wool and hair of Kashmir goats): Other	MFN duties (Applied)	0.00%	0.00%

Source: Macmap

Table 6 above indicates tariffs that are charged by South Africa for imports of mohair from the world during 2013 marketing season. The table further indicates that mohair from other world countries to South Africa is imported duty free at 0.00% in 2013.

13. MARKET INTELLIGENCE

Table 7: List of importing markets for fine or coarse animal hair exported by South Africa in 2013.

South Africa's exports represent 3.39% of world exports for this product; its ranking in world exports is 7.

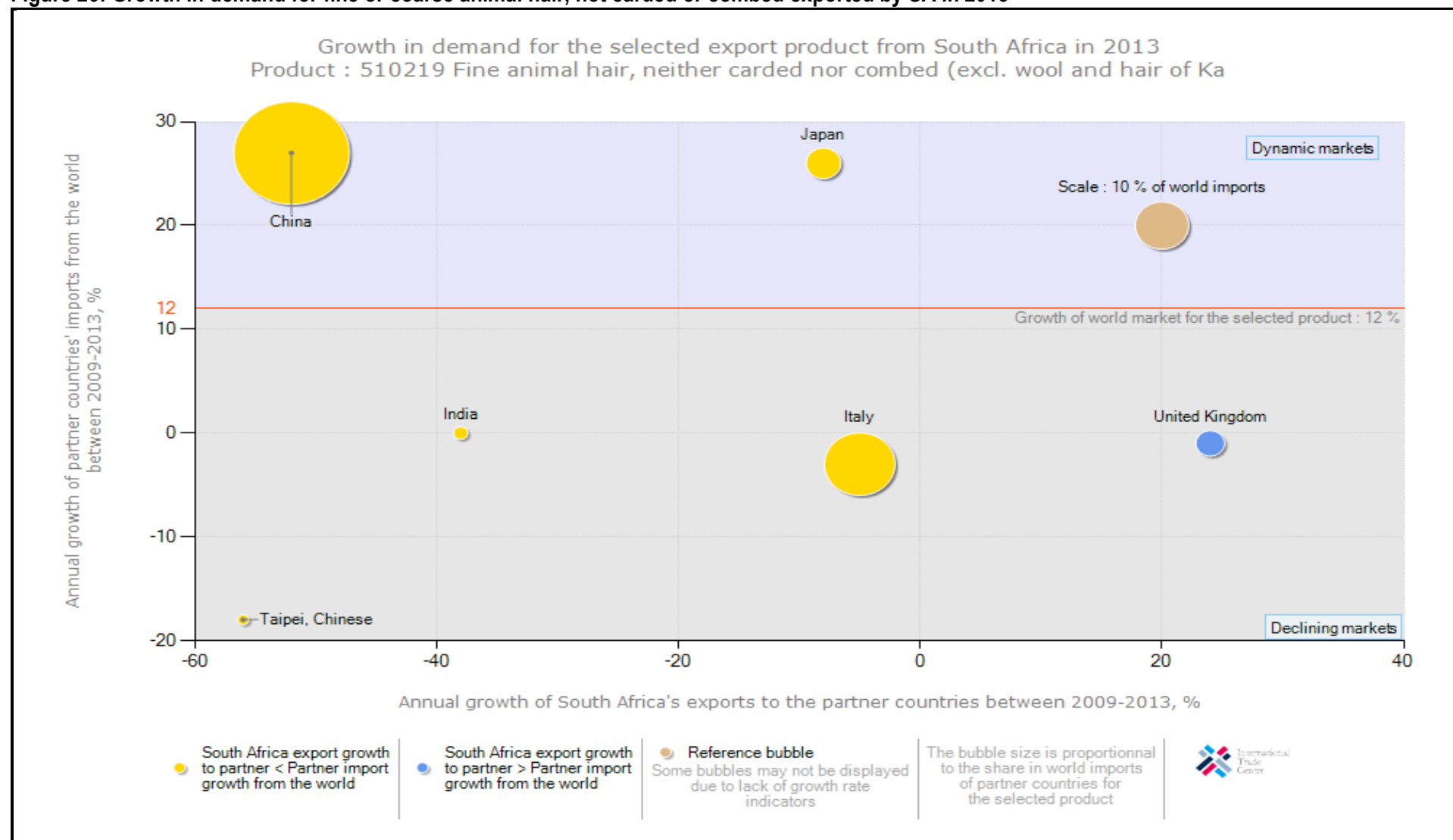
Importers	Trade Indicators							Tariff (estimated) faced by South Africa (%)
	Exported value 2013 (USD thousand)	Share in South Africa's exports (%)	Exported quantity 2013 (tons)	Unit value (USD/unit)	Exported growth in value between 2009- 2013 (% , p.a.)	Exported growth in quantity between 2009- 2013 (% , p.a.)	Exported growth in value between 2012- 2013 (% , p.a.)	
World	4133	100	397	10411	-3	-8	-18	
Italy	2410	58.3	151	15960	-5	-15	-6	0
United Kingdom	1384	33.5	225	1651	24	13	-41	0
India	144	3.5	12	12000	-38	11		5
Japan	136	3.3	6	22667	-8	-6	157	0
China	37	0.9	3	12333	-52	-56	-43	9
Nepal	17	0.4	1	17000		0	21	5
Korea, Rep of	2	0	0					0
Mauritius	1	0	0					0
Taipei, Chinese	1	0	0		-56			0

Source: ITC (Trade Map)

Table 7 shows the list of importing markets for fine or coarse animal hair (not carded or combed) exported by South Africa to the world in 2013. The table further shows that in 2013, South Africa exported a total of 397 tons of fine or coarse animal hair at an average value of US\$ 10411/unit. Italy and United Kingdom were the leading importers of fine or coarse animal hair, accounting for 58.3% share and 33.5% share respectively of South Africa's export market. Italy is the world's 1st leading importer of this product while United Kingdom is 2nd. Italy's imports worldwide experienced a decline in value of 5% and United Kingdom experienced an increase or growth of 24% per annum over the period between 2009 and 2013, and the growth of the world market over the same period was at -3%.

However the table also shows that South African export market declined in 2013 compared to 2012 with a difference of about 136 tons (34.3%). At the same time Italy's imports from South Africa experienced a decrease of 6% in value, while United Kingdom also experienced a decline of 41% in value between 2012 and 2013.

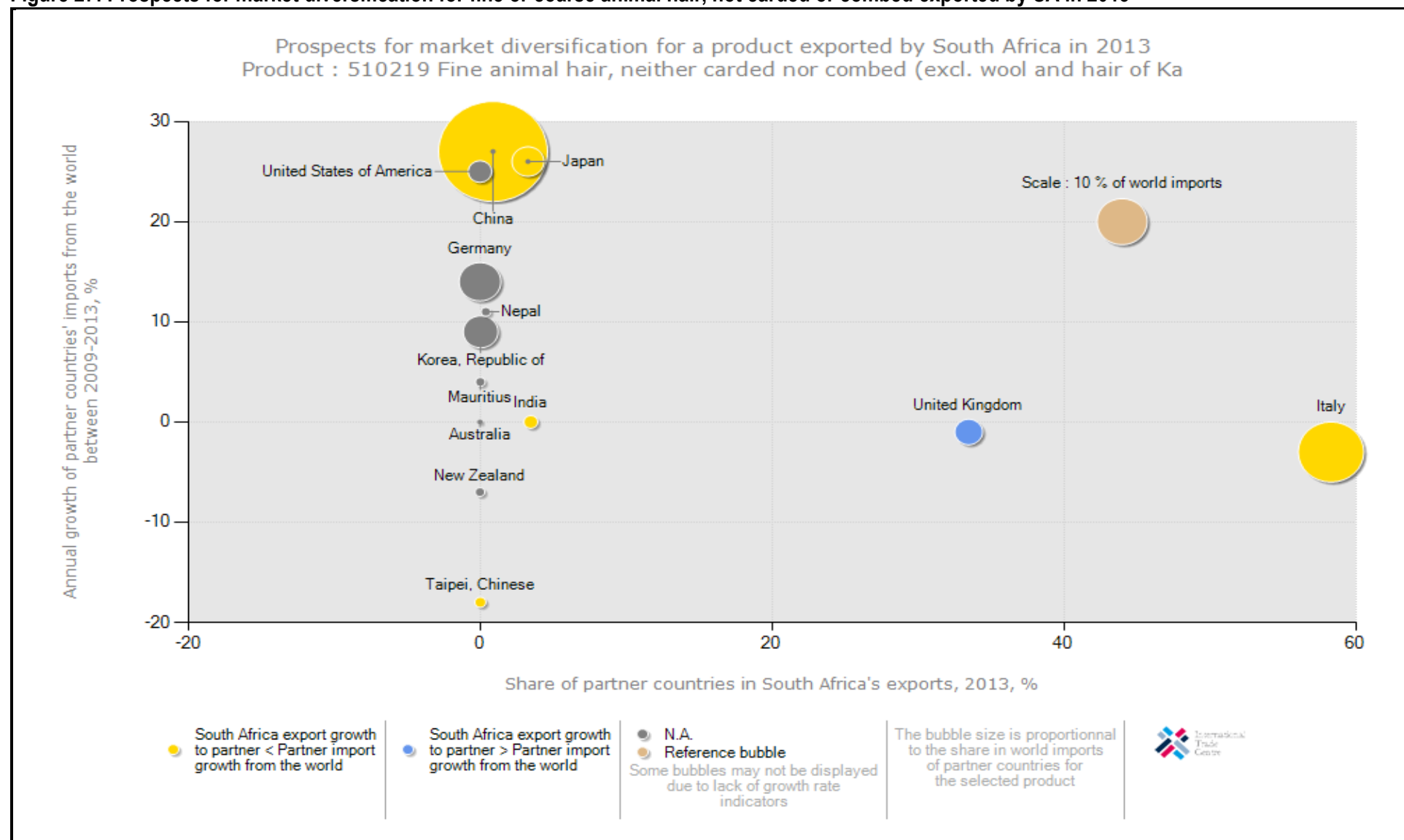
Figure 26: Growth in demand for fine or coarse animal hair, not carded or combed exported by SA in 2013



Source: ITC (Trade map)

Figure 26 indicates growth in demand for fine or coarse hair (not carded or combed) exported by South Africa in 2013. The graph further indicates that China and Italy were the largest import markets for fine or coarse animal hair from South Africa during the period under scrutiny, with China being a dynamic market and Italy a declining market. However, South Africa's exports of fine or coarse animal hair to Italy declined by 5% while Italy's imports from the world also decreased by 3% between 2009 and 2013. Although United Kingdom is one of the biggest markets of fine or coarse animal hair from South Africa, its annual growth of South Africa exports increased by 325%, while China's imports from the world increased by 25%. The bubble graph further indicates that the annual growth of South Africa's exports to China decreased by 50% between 2009 and 2013. The graph also indicates that India, Italy and Chinese Taipei were declining markets for fine or coarse animal hair from South Africa between 2009 and 2013 at 5% and 60% respectively. Although United Kingdom was in a declining market, its annual growth of South Africa's exports to partner countries between 2009 and 2013 grew by approximately 25%.

Figure 27: Prospects for market diversification for fine or coarse animal hair, not carded or combed exported by SA in 2013



Source: ITC (Trade Map)

Figure 27 shows prospects for market diversification for fine or coarse animal hair (not carded or combed) exported by South Africa in 2013. The figure further shows that Italy and China were the biggest markets of fine or coarse animal hair from South Africa during 2013. The figure also shows that if South Africa has to diversify its exports of fine or coarse animal hair, the other markets exist in United Kingdom, Japan and India. Between 2009 and 2013, South Africa's fine or coarse animal hair exported to Italy and United Kingdom were growing at a rate that is more than their import growth from the rest of the world. During the same period, South Africa's fine or coarse animal hair exports to China and Japan were growing at a rate that is less than their exports to the rest of the world.

By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's import of this product, the following conclusions can be made:

- South Africa's exports for fine or coarse animal hair to Japan and China were declining while world's imports were growing at a faster pace than South Africa's exports.
- South Africa's exports for fine or coarse animal hair to Italy were growing faster than world's imports.
- South Africa's exports for fine or coarse animal hair to China were growing at a slow pace than the world's imports.
- South Africa's exports for fine or coarse animal hair to United Kingdom were growing faster while annual growth of partner countries's imports from world were not growing at 0.00%.

14. COMPETITIVENESS OF SOUTH AFRICA'S MOHAIR IMPORTS

Table 8: List of supplying markets for fine or coarse animal hair, not carded or combed) imported by South Africa in 2013

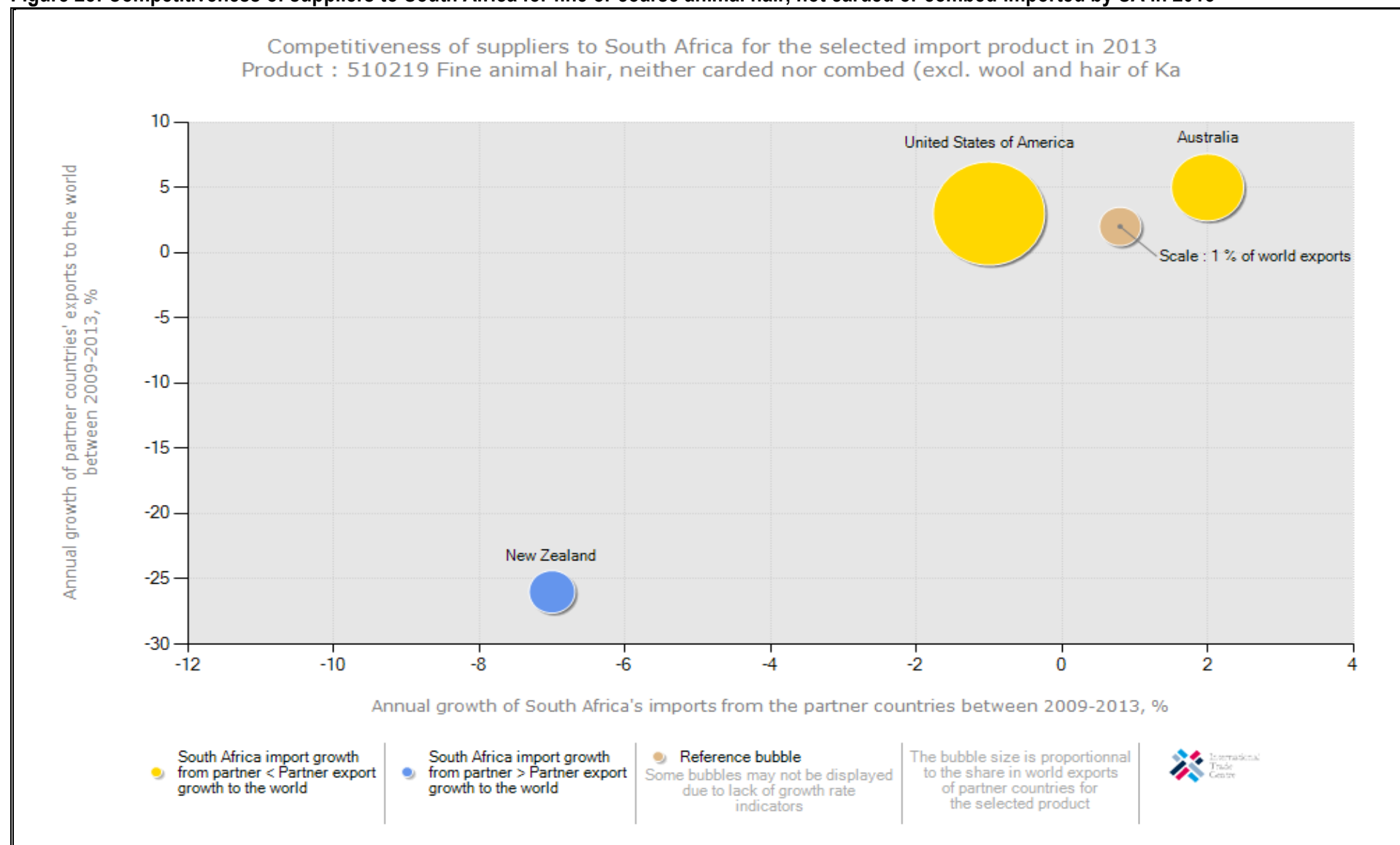
Exporters	Trade Indicators							Tariff (estimated) applied by South Africa (%)
	Imported value 2013 (USD thousand)	Share in South Africa's imports (%)	Imported quantity 2013 (tons)	Unit value (USD/unit)	Imported growth in value between 2009-2013 (%, p.a.)	Imported growth in quantity between 2009-2013 (%, p.a.)	Imported growth in value between 2012-2013 (%, p.a.)	
World	5547	100	880	6303	-2	-4	11	
United States of America	3131	56.4	270	11596	-1	-16	6	0
Australia	1557	28.1	144	11043	2	-7	11	0
Lesotho	441	8	436	1011				0
New Zealand	376	6.8	29	12966	-7	-14	-3	0
United Kingdom	42	0.8	4	10500		-9	14	0

Source: ITC (Trade Map)

Table 8 depicts the list of supplying markets for fine or coarse animal hair (not carded or combed) imported by South Africa from the world in 2013. The table further depicts that during 2013, South Africa imported a total of 880 tons of fine or coarse animal hair at an average value of US\$ 6303/unit. United States of America, Australia, Lesotho, New Zealand and United Kingdom were the leading suppliers of fine or coarse animal hair, accounting for a share of 56.4%, 28.1%, 8%, 6.8% and 0.8% respectively of South Africa's import market. The table also depicts that United States of America is the world's 8th leading exporter of this product while Australia is 15th. United States of America's exports worldwide experienced a decline in value of 1% and Australia's exports worldwide experienced a growth in value of 2% respectively over the period between 2009 and 2013, and the growth of the world market over the same period was -2% per annum.

However, the table also depicts that South African import market from the world increased in 2013 compared to 2012 with a growth rate of 102% (446 tons). At the same time United States of America's exports to South Africa experienced a growth of 6%, while Australia also experienced a growth of 11% in value between 2012 and 2013.

Figure 28: Competitiveness of suppliers to South Africa for fine or coarse animal hair, not carded or combed imported by SA in 2013



Source: ITC (Trade map)

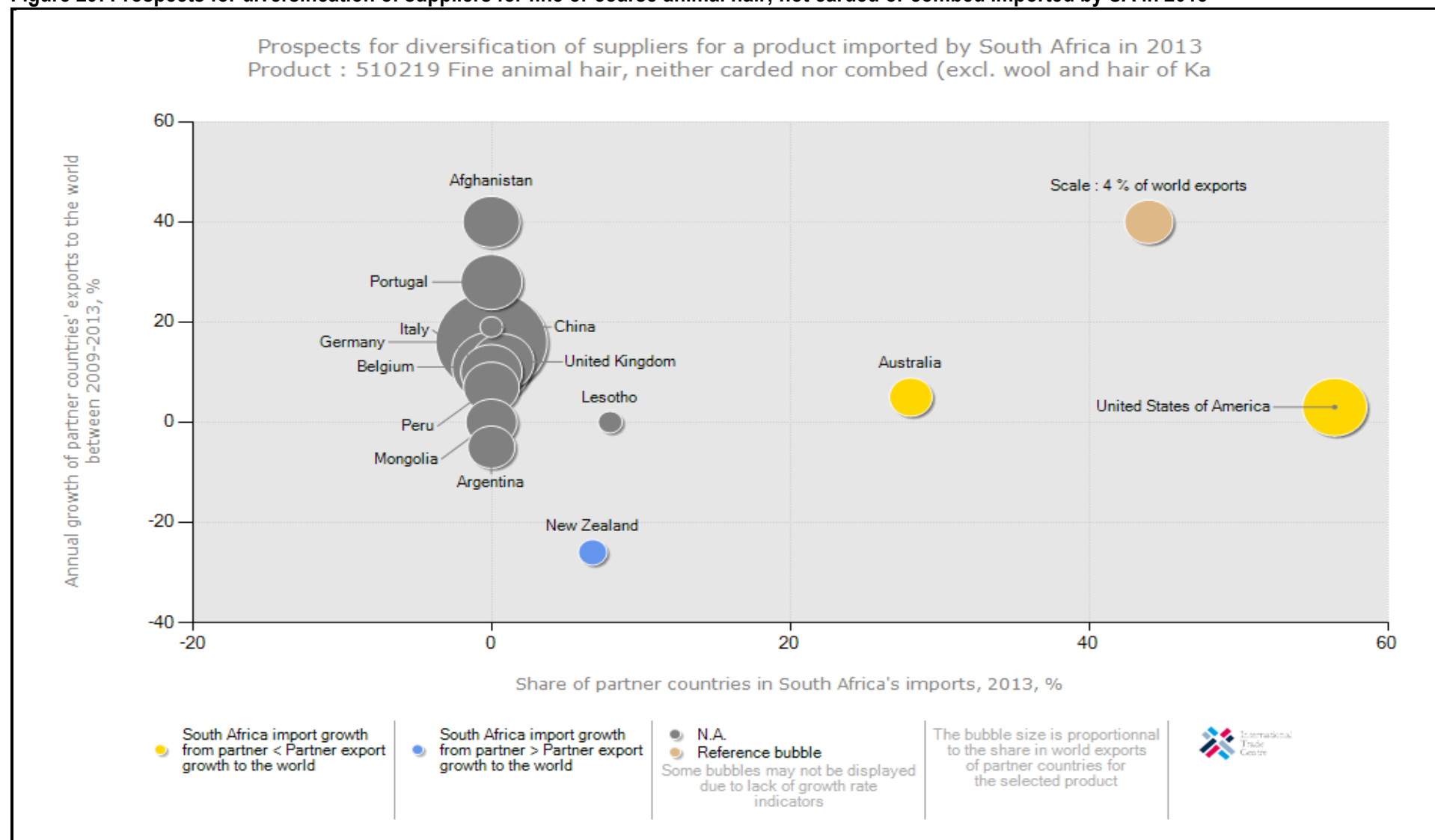
Figure 28 illustrates competitiveness of suppliers to South Africa for fine or coarse animal hair (not carded or combed) imports from the world in 2013. The figure further illustrates that United States of America and Australia were the biggest suppliers of fine or coarse animal hair (not carded or combed) to South Africa during the period under scrutiny. The figure also illustrates that New Zealand was the most competitive supplier of mohair to South Africa with an annual growth of South Africa's imports of approximately between negative 6 and 8% between 2009 and 2012. South Africa's fine or coarse animal hair imported from New Zealand was declining at 7% rate less than their export growth to the rest of the world (27%).

During the same period, South Africa's fine or coarse animal hair from United States of America and Australia were growing at a rate that is less than their exports to the rest of the world.

By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's import of this product, the following conclusions can be made:

- South Africa's imports for fine or coarse animal hair from its supplier (United States of America) were increasing almost at the same pace as compared to the world's exports between 2009 and 2013.
- South Africa's imports for fine or coarse animal hair from its supplier (Australia) were increasing at the rate of 2% as compared to 5% rate to the world's exports over the same period.
- South Africa's imports for fine or coarse animal hair from New Zealand were declining at the rate between 6% and 8% as compared to 27% rate to the world's exports over the same period. .

Figure 29: Prospects for diversification of suppliers for fine or coarse animal hair; not carded or combed imported by SA in 2013



Source: ITC (Trade map)

Figure 29 indicates prospects for diversification of suppliers for fine or coarse animal hair (not carded or combed) imported by South Africa in 2013. The graph further indicates that United States of America and Australia were the biggest suppliers of fine or coarse animal hair (not carded or combed) to South Africa during 2013. The graph also indicates that if South Africa has to diversify its imports of fine or coarse animal hair, other markets except United States of America and Australia, exist in New Zealand.

Between 2009 and 2013, South Africa's fine or coarse animal hair imported from the United States of America and Australia were growing at a rate that is more than their export growth from the rest of the world. During the same period, South Africa's fine or coarse animal hair imports from United States of America and Australia were growing at a rate that is greater than their exports to the rest of the world.

By adding a horizontal line representing the world market growth and a vertical line representing the average growth of South Africa's export of this product, the following conclusions can be made:

- South Africa's imports of fine or coarse animal hair from United States of America were growing while world's exports were growing at a very slow pace between 2009 and 2013 at a rate of between 0% and 1%.
- South Africa's imports for fine or coarse animal hair from Australia were growing at a faster pace (30%) than world's exports (3%).
- South Africa's imports of fine or coarse animal hair from New Zealand were also growing faster (5%) and the world's exports at -25% over the same period (2009 and 2013).

15. ACKNOWLEDGEMENTS

The following information sources are acknowledged:

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